

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 95-1212-C - ORDER NO. 96-530

AUGUST 2, 1996

IN RE: WinStar Gateway Network - Rule to Show Cause) ORDER
) GRANTING
) MOTION
) TO DISMISS

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Motion to Dismiss the Rule to Show Cause in this Docket filed by WinStar Gateway Network (WinStar Gateway or the Company). The stated grounds for the Motion to Dismiss are that the circumstances which prompted the issuance of the Rule to Show Cause no longer exist. A letter is attached to the Motion explaining the change in circumstances.

On November 27, 1995, the Public Service Commission of South Carolina issued Order No. 95-1072, in which the Commission found that WinStar Gateway should appear before the Commission to show cause why its certificate should not be revoked for the use of misleading marketing practices. Subsequently prior to a hearing being held, Staff requested approval by this Commission of a revision to WinStar Gateway's marketing program, which would

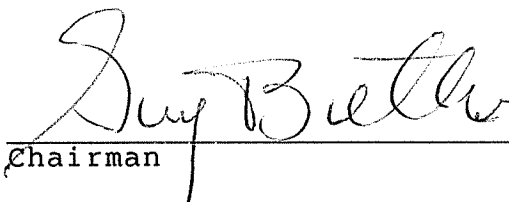
include new explanatory language on the Company's boxes. The boxes displayed a picture of a tropical scene and a new Ford Mustang Convertible. The copy on the boxes invited the reader to enter a contest and potentially win a Hawaiian vacation or a new car. The difficulty with this marketing method was that numerous ratepayers had their long distance services switched to WinStar Gateway, and they were later surprised to learn that WinStar Gateway had taken their contest entry as a request to switch IXCs. In Order No. 96-105, we approved an addition to the copy on the face of the box. A bold face line was placed on the box stating that submission of a official form could result in a change in long distance service. This procedure apparently did not abate the complaints received by our Consumer Services Department against this Company. Subsequently, however, the Commission Staff was notified that WinStar Gateway Network was discontinuing its box program. Further, WinStar Gateway was not accepting any more contest entry blanks as LOAs after June 10, 1996. Also, all LOAs were subject to third party verification. We also note that the submission by WinStar Gateway shows that the Company is attempting to work with with all remaining complainants to resolve their complaints as soon as possible.

In view of the above stated developments, it appears to this Commission that the Motion to Dismiss the Rule to Show Cause in this case should be granted, based on the latest actions taken by the Company. The Commission encourages WinStar Gateway, however, to continue to work with the ratepayers of South Carolina to

resolve any remaining complaints that they may have. The Motion is therefore granted.

This Order shall remain in full force and effect until further Order by the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)